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Handwritten notes and scribbles
DEARNESS

NOT

SCARCITY,
ITS CAUSE AND REMEDY.

BY A COMMERCIAL MAN.

HUMBLY OFFERED TO THE CONSIDERATION OF
HIS MAJESTY'S MINISTERS.

SECOND EDITION.

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DEARNESS,

Æc. Æc.

DURING the period of the two last reigns, while our fields were by no means in so high a state of cultivation, and before supplies from abroad bore any proportion to what they now do, except in 1757, a year of great scarcity; the average price of wheat did not exceed 40s. per quarter. The evil which has spread such serious alarm, the dearneſs of the neceſſaries, as well as conveniencies of life, though it evidently exiſts, yet has been attributed by all ranks, at leaſt to inferior links in the chain of cauſes, or to circumſtances with which it has no connection.

Nor can I help reflecting that certain high authorities, mayrepent having oppoſed, in the ear of the Public, the long received opinions of the moſt celebrated of our cotemporaries, and whoſe doctrines have been deſervedly held, to the honor of the Miniſter, in high eſtimation by him, as well as by thoſe in oppoſition to him. Thoſe dignified characters above alluded to, who unguardedly ventured to diſpute theſe theories, (without meaning the leaſt to impeach the ſincerity or benevolence of their deſigns) will, I fear, diſcover their miſtake, long before they can calm and appeaſe the popular mind, in the wrong direction it has taken, by unjuſtly affailing the ſtalls and ſhops of thoſe, who are perhaps, without exception, among the moſt harmleſs and induſtrious claſs of citizens.

Adam Smith, the renowned author of the Wealth of Nations, in inſiſting that no legiſlative interference ſhould influence the markets in any direct way, ſupports this hypotheſis with great ſtrength of reaſoning: to combat which, however, it has been idly attempted to be proved, that the neceſſaries of life, and other articles of merchandiſe, cannot be regulated by the ſame laws; yet how can it be denied that every thing is more or leſs a neceſſary, which makes it impoſſible to diſcriminate; nor between one man's neceſſities and another's can we draw any precise line. To one it is neceſſary to have proviſions for the ſupport of a numerous offſpring; to another, that he ſhould keep a horſe for the benefit of his health; one conſtitution requires

quires extra food, another warm clothing. In short, our wants are widely different, and whatever proceeds from the bowels of the earth or the ocean, the Public are equally entitled to upon fair and honorable terms; the same argument, if not in an equal degree, must apply to all, as to a part.

Having often had reason to repent the mere exercise of my own judgment and willing to investigate this subject up to its primary source, I have sometimes consulted, among my neighbours, intelligent men. None of them, however, pretend to point out any efficient cause for the high price of provisions, nor do any two agree, as to the remedy.

Some acts passed during the latter part of the preceding reign, and the subject has likewise undergone much discussion during the late Session of Parliament; without producing any material good effects, generally rather encreasing than lessening the evil.

Among other arguments, much has been attributed to the profusion and waste incidental to the calamities of war, and the contracts entered into at stated periods, which has more or less a tendency to excite the spirit of gambling and monopoly among dealers. To this doctrine I cannot forbear subscribing in part; and it is perhaps the best argument that can be used independent of what I have now to offer to your consideration.

The mischief is by no means to be imputed to the growers, factors, or merchants, much less to the baker, butcher, or cheesemonger, who, with labor and fatigue, prepare the necessaries of life for the immediate use of the consumer.

Nor can we blame that speculative and enterprising spirit, which has ever been considered, by the enlightened Statesman, as the boast and ornament of a commercial country; engaging every good tradesman to turn the extent of his credit as well as capital to the best account, by employing it wherever it will afford a profit, and making it his chief endeavour to buy at the cheapest, and sell at the dearest market, both as it respects time and place.

The Reader by this time will see that the Author of this short essay is as much disposed to stifle popular clamour, as he is an enemy to those doctrines which inculcate the childish idea, of patching up an old edifice, rather than clearing it out, that it may undergo a thorough repair.

Let us begin to fear that the cause sought for, is no other than fundamental, and that the remedy, therefore, must be radical.

It is a subject not understood either at Court, or in the Senate; still less by professional men, or by men of letters; little understood by the middling classes,

claffes, and not at all by the lower ; but it is known to the wholefale dealer, to the merchant, to the negotiator of foreign exchanges, to town and country banks, and it is known, if it dare be reflected upon, at the Bank of England.

And what is the more extraordinary, it proceeds from a fyftem morally good. It is abftractedly good that I fhould love my neighbour, that I fhould wifh to ferve him, that I fhould extend my good offices fomewhat beyond the limits of common prudence; in fhort, “to do by him as I would be done by:” hence arifes among other things a difpofition to place confidence in him, and to allow him an extenfive credit; joint engagements, paper accommodations, and the like, are reciprocally entered into, as occafion requires; and thefe are nurfed and encouraged by the pernicious fyftem of *Banking*.

It alfo frequently occurs on the Royal Exchange, and within the immediate fphere of my own knowledge, that a parcel of goods is fold and re-fold, many times before the credit on the firft fale expires. What is the confequence? Eight or ten parties value on each other for the very fame goods. Bills are, perhaps, at one time under difcount at the Bank, or elfewhere, for eight or ten times the amount of the property they reprefent; thefe enable eight or ten buyers to return into the market, with an aggregate encrease of capital in the proportion of eight or ten to one; which ftill encreafing, as it is eafy to conceive, in geometrical progreflion, circulation and confequently middle buying, in this fingle inftance, may be carried on to an enormous extent.

The means that fome houfes can employ, in foreign exchanges, by drawing and redrawing between London, Hamburgh, Lifbon, or other ports, is alfo abfolutely in many cafes unlimited.

In provincial fituations likewise the affiftance given of late years, through the eftablifhment of country banks, either directly or indirectly, to fteady people, farmers, and others, exceeds the experience of any former times. Two or three of thefe people, poffeffed of little or nothing of their own, join in a bond, on which they are allowed to draw, or are furnifhed with negotiable paper for the amount demanded, by which means they can buy their neighbour’s ftock, or keep their own, until markets are fo bare as to enable them to obtain their prices.

The liberality of the Bank fince the ftoppage of its payments in fpecie, has alfo very much accelerated the progrefs of this fyftem throughout the country; for if I am well informed, the extent of the accommodation it gives, is as ten to one a few years ago: and it is worthy of remark, that at
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the period above alluded to, when a momentary check was given to the facility of discount, and the circulation of paper, most articles of merchandize, particularly grain, experienced a sudden and unusual depreciation in the markets.

Will it now be asked, how should this affect the price of commodities? Look back into the history of this or any other country, you are sure to find the prices of merchandize proportioned to the quantum of specie, paper, or any other medium of exchange: or, in other words, the number of buyers encrease with the funds to purchase; or in proportion to what individuals, through the extent of their capitals and credit, may be able to command.

Though it is highly probable that the amount of paper in negotiable forms, may by no means equal the wealth of the country; yet it is not an uncommon case, where it represents ten or twenty times the capitals of those engaged in this kind of traffic; their means, therefore, are multiplied in the same proportion, as is their ability to buy up or monopolize, such commodities, as would in the natural course of things, be brought fairly to market.

As far as it is from my intention, as it is from the narrow scope of my abilities, to attempt to exhaust the subject; yet the few facts here illustrated, will leave no doubt on the mind of an impartial man, as to the source of the calamity. It is much more difficult, however, to prescribe a remedy. It must affect so many springs of action, dry up so many channels of communication; while the ornaments around that Corinthian pillar, the Commerce of the Country, must be torn from its capital, which, however, the substantial plainness of the Tuscan order would always much better represent.

Helvetius remarks, "that the period of the highest luxury of a nation is commonly that of its destruction. The apparent felicity and power which luxury imparts, resembles the intervals of those violent maladies, by which the human frame, but for a few moments acquires gigantic strength, only the more hastily to deprive it entirely of its natural force and its life."

Thus it has been soundly argued, that all great empires exhibit the same chain of causes in their rise as in their fall; and it remains to exercise the talents of some great Minister, to discover the means of checking the effects of property before the hour of approaching dissolution. This has hitherto been considered a desideratum in the art of government. Unfortunately the
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weight and influence of certain interests in this country encreases the difficulty, and presents a barrier so well entrenched and fortified as to afford the philosopher little chance, of re-establishing the fundamental principles of law, which would strengthen and unite every class and order of the people.

The immediate effects of property are comparatively nothing; generally those possessing it are not engaged in mercantile business, but it is the confidence which it carries in its train. A fortune of 5,000*l.* is sufficient to establish a credit with twenty people, or more, for an equal sum; so that its possessor can command 100,000*l.* or more above his capital: likewise it often happens, that the smallest means in actual property generates so many false appearances, as to extend credit beyond any power of belief.

If it has been shewn that the extensive property and credit of individuals are the primary causes of the evil for which I have taken upon myself to propose a remedy; (and the former, while it appears the least of these, has always been held inviolable by the laws and institutions of the country;) it can only be brought about by confining the latter within reasonable bounds. The fairest way is, that it shall bear some proportion to the capitals of individuals, which may be done by the three following regulations:

That no person's engagements for the payment of bills, or other negotiable forms or instruments shall exceed the amount of his capital, in a greater proportion than as four to one.

That every person transacting this kind of business should certify the sum, he proposes shall be the largest amount of these engagements at any one period during the year, paying a duty at the rate of half per cent. on that amount, and that he shall also certify upon oath, that the proposed amount does not exceed his capital more than in the above proportion.

That an office be opened for registering such proposals, and names of the parties, with as much secrecy as the nature of the case may require, to receive the duty, and likewise to register and stamp, with the office mark, every negotiable form or instrument payable by individuals.

A clause may be introduced in favour of the Bank of England, and to extend the limits here proposed affecting bankers in general.

If a man, by the law of the land, is allowed to trade not only to the extent of his capital, but by means of his credit also to four times that extent, he will have little reason to complain of the hardship of paying a mere half per cent. annually on that increase. With regard, however, to exposing the
affairs

affairs of individuals, I am aware that more stress will be attempted to be laid, but with as little reason; and if I may be allowed to form a judgment of the manner of thinking in these times, they have undergone some revolution in this respect. We dive much deeper into men's circumstances than we have hitherto been accustomed to do, we know much better whom to trust, and to what we are trusting: even moral good may ultimately arise from it.

By introducing the regulations here recommended, with such variations as the wisdom of the Legislature may suggest, it is possible, that grand discovery may be made in political science, the want of which has hitherto obliged the historian, in recording the annals of great empires, too soon to close his page. I mean that property may accumulate in a nation, sufficient for all the purposes of convenience, and even of luxury, without involving its ruin.

Trade may be carried on to a great extent upon a more solid and permanent basis; insolvencies will seldom occur, as the means of speculation, their great parent, must be confined within certain bounds. Confidence will be increased, where confidence ought alone to be placed, and the fame of a **British Merchant** must rise in estimation in every corner of the globe, until the Peer and the landed interest envy the lustre of his character.

The Minister will foresee difficulties which an obscure individual can hardly be supposed to perceive; but could such a scheme, by wiser means, be brought about, I do insist, that while it opens a new, fair, and productive source of revenue, it must renovate and invigorate the system without endangering property: and the statesman who dares to enter upon so wide a field, will find but little to encounter, compared with the strength and discipline of his own armies: wealth and power would enlist under his banners, supported by the physical force of the common people; opposed only by a few feeble individuals, who would shun the light, being lifted above their natural level in society, only by a false principle, founded on fraud and credulity, or what is technically termed the *Moonshine of Paper Currency*.

FINIS.

